United Nations A/71/370

General Assembly

Distr.: General
31 August 2016

Original: English

Seventy-first session
Item 134 of the provisional agenda*
Programme budget for the biennium 2016-2017

Progress in the construction of new office facilities at the Economic Commission for Africa in Addis Ababa, and update on the renovation of conference facilities, including Africa Hall

Report of the Secretary-General

Summary

The present report provides an update on activities since the issuance of the previous progress report of the Secretary-General (A/70/363 and Corr.1) on the completion of the remaining ancillary projects related to the new office facilities at the Economic Commission for Africa in Addis Ababa, following the substantial completion of the construction of the new building and its full occupancy in August 2014, as well as an update on the Africa Hall renovation project, which was approved by the General Assembly in its resolution 70/248 A.

A majority of the ancillary projects related to the new office facilities were completed in August 2015, and all the remaining ancillary work was substantially completed in February 2016; the work for rectifying the remaining defects is currently ongoing and scheduled for completion by the end of 2016. The updated estimated costs to complete the new office facilities and ancillary projects remain the same as those contained in the previous report. Regarding the Africa Hall renovation project, the report provides an update on the progress made with regard to the design phase, as well as updated information on governance, the management of contingencies, efforts to seek voluntary contributions and the business case for the Visitors Centre.

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The General Assembly is requested to: take note of the progress made since the issuance of the previous report; take note of the proposed governance structure for the Africa Hall renovation project; take note of the revised cost plan for the Africa Hall renovation project within the approved maximum overall cost of $56.9 million; approve six security officer positions for the Africa Hall renovation project effective October 2017; and approve the business case for the Visitors Centre of the Africa Hall renovation project.

I. Overview

A. New office facilities (the Zambezi Building)

1. By the adoption of its resolution 56/270, the General Assembly approved the construction of new office facilities at the Economic Commission for Africa (ECA) in Addis Ababa. Pursuant to Assembly resolutions 56/270, 60/248 A, 62/238 and 65/290, the total approved cost of the project was $15,333,200.

2. The construction of the new office facilities was substantially completed in June 2014. The United Nations Office for Project Services, the Liaison Office of the Office of the United Nations High Commissioner for Refugees to the African Union and Economic Commission for Africa, the United Nations Office to the African Union and the African Union-United Nations Hybrid Operation in Darfur, the World Health Organization and the United Nations Children's Fund had moved into the building as of August 2014. The building, which was renamed the Zambezi Building in early 2015, currently houses over 650 staff.

3. By its resolutions 56/270 and 62/238, the General Assembly approved the required additional project components (referred to as ancillary work) related to access, safety and functionality of the new office facilities. A majority of the ancillary work was substantially completed by August 2015, and the remaining work, including work on roads, sidewalks, parking and drainage systems, was substantially completed in February 2016. The punch list and work to rectify defects are scheduled for completion by the end of 2016 before the expiry of the defects and liability period in early 2017.

4. In its resolution 70/248 A, the General Assembly requested the Secretary-General to pursue his efforts to bring the matter of potential claims management to a swift conclusion. In response, ECA commissioned an independent assessment of the work done, which concluded that there has not been any breach of contract on the part of either the contractor or the consultant design firm, and recommended that ECA should proceed to completion of the contract.

B. Renovation of conference facilities including Africa Hall

5. In its resolution 65/259, the General Assembly requested the Secretary-General to expeditiously assess the status of conference facilities at ECA, in particular Africa Hall and Conference Room 1, to ensure that they were in strict compliance with the highest international standards for conference facilities. In its resolution 68/247, the Assembly requested the Secretary-General, as a matter of priority, to ensure that the renovation of conference facilities at the Commission, in particular Africa Hall and Conference Room 1, was carried out. In section IX of its resolution 70/248 A, the Assembly approved the scope, schedule and the maximum overall cost of $56.9 million for the Africa Hall renovation project, as proposed by the Secretary-General in his previous report (A/70/363 and Corr.1).

6. Also in resolution 70/248 A, the General Assembly requested or encouraged the Secretary-General to: (a) continue his efforts to include local knowledge and capacity throughout the implementation of the construction projects; (b) take appropriate measures to mitigate potential risks and to monitor closely the Africa Hall renovation project in order to avoid any further delay; (c) update Member

States, through the Office of Central Support Services, on the progress of the construction projects; (d) further clarify the roles and responsibilities of the internal control mechanism and the Stakeholders Committee to ensure that their working arrangements are set out in clear terms; (e) establish an advisory board that is independent and impartial, with its membership reflecting a wide geographical representation while ensuring the required expertise; (f) provide detailed information on the management of the contingency provision; (g) continue to seek voluntary contributions for the Africa Hall renovation project and to report thereon; and (h) present an updated business case for the Visitors Centre in the context of the next progress report. The present report addresses the above requests from the Assembly.

II. Update on the construction of the new office facilities and ancillary work

A. New office facilities

7. The construction of the new office facilities was substantially completed on 19 June 2014, and the premises were fully occupied and operational by August 2014. This was followed by a one-year defects liability period, during which the contractor was obligated to correct items agreed to be executed after occupancy, as well as any defects detected thereafter.

8. As related in the previous progress report, the contractor did not complete the correction of defects logged in the punch list, citing financial difficulties arising from the decision of ECA to withhold an amount of $468,370, representing 50 per cent of 10 per cent of the value of each contractor's invoice, which would otherwise have been due upon substantial completion of the project. That amount had been retained since June 2014 pending the conclusion of an independent assessment, commissioned by ECA, which would serve as a basis for ensuring that the Organization's best interests had been upheld in all aspects of the contract.

9. The independent assessment was commissioned by ECA in 2015. The independent assessment was carried out by a specialized international quantity surveying firm with regional knowledge to provide an impartial opinion and verification of the executed work. The objective of the assessment was to determine if the work carried out conformed to the terms and specifications of the contract. In addition, the independent assessment was to reveal if there had been any breaches of the contract for which the United Nations might be entitled to reimbursement.

10. The assessment report from the quantity surveying firm, which was submitted on 6 January 2016, concluded that there had not been any breach of contract on the part of either the contractor or the consultant design firm, and recommended that ECA should proceed and complete the contract. Based on these findings, in April 2016, the Executive Secretary authorized payment of the amount of $468,370 withheld since June 2014. The remaining 50 per cent of the 10 per cent retained from the contractors' invoices will be paid upon completion of the final warranty/punch list actions scheduled for the first quarter of 2017.

11. The Facility Management Section of ECA is monitoring the correction and installation of outstanding punch-list items yet to be completed. Once completed, the contractor will be issued a certificate of final completion, which will be

followed by the release of the final amount held in retention, minus the value of any work that cannot be completed by the contractor and must therefore be completed by ECA.

12. It should be recalled that the remaining punch-list items do not compromise life safety or core functionality of the building.

B. Ancillary projects

13. As previously reported by the Secretary-General (see A/68/517, A/69/359 and A/70/363 and Corr.1), the United Nations explored all options to ensure the completion of the ancillary projects within the approved project cost. As a result, project activities that were essential in order to have the building occupied in 2014 were prioritized, negotiations were carried out with selected contractors, value-engineering measures were introduced, where feasible, and the assistance of the host country authorities was engaged, when needed.

14. The majority of the ancillary work was completed in 2015, and the remaining components, notably the completion of work on the east parking area, the greenery and landscaping, internal access roads and the walkways/site drainage, were available for use by August 2015 and substantially completed by February 2016. Following the issuance of the substantial completion certificate for the ancillary work, ECA developed a punch list of items to be corrected during the defects liability period, which will terminate in the last quarter of 2016.

C. Procurement

15. Information on procurement activity related to the ancillary projects was provided by the Secretary-General in his previous progress report (A/70/363 and Corr.1). Although a majority of the procurement activities for the road and parking projects took place from 2012 to 2014, after two failed procurement exercises, ECA engaged the host country through the Addis Ababa City Road Authority to ensure timely and successful completion of those outstanding items in 2015, in preparation for the Third International Conference on Financing for Development, which took place from 13 to 16 July 2015 at ECA.

16. Given the fact that this action did not comply with the established procurement policies and procedures, the Secretary-General referred the matter to the Office of Internal Oversight Services (OIOS). The results of its review are included in the OIOS report on the audit of management of construction activities and related processes in ECA (internal audit report No. 2016/086).

17. In summary, OIOS confirmed that established procurement policies and procedures were not followed, and recommended that ECA seek an ex post facto review by the Assistant Secretary-General for Central Support Services of the exchange of letters signed with a Addis Ababa City Road Authority to procure services to perform construction work. OIOS also recommended that the management of ECA issue an internal memorandum reminding all staff members involved in the procurement process of their responsibility to act within their delegated authority.

18. The Headquarters Committee on Contracts reviewed the case on 13 July 2016 and recommended that the Assistant Secretary-General for Central Support Services

not take note of the matter. The minutes, including the recommendation of OIOS, were approved by the Assistant Secretary-General for Central Support Services on 19 July 2016.

19. ECA is implementing measures to ensure that future procurement actions fully comply with established policies and procedures.

D. Host country coordination

20. The continued support of the host country, notably during the final phase of the ancillary projects, has been critical in the successful execution of the new office facilities project throughout its implementation, and has provided essential assistance in overcoming logistical difficulties. The Secretary-General is grateful to the host country for its continued support in facilitating the smooth delivery of infrastructure components for the project.

E. Project schedule

21. The substantial completion date of the new office facilities, as previously reported, was 19 June 2014, followed by a one-year defects liability period that ended in June 2015. The revised final completion date of the project is the first quarter of 2017. This date was extended owing to the need to finalize the independent assessment report.

F. Cost estimates

22. The overall estimated costs for the new office facilities remain unchanged at the approved amount of $15,333,200. A detailed breakdown of expenditures as at 31 August 2016 is provided in annex I to the present report.

23. Payments in the total amount of $755,289 are pending for:

(a) A final amendment to the ancillary project contract was executed on 20 July 2016, resulting in work in the amount of $116,630 being carried out in the third and fourth quarters of 2016;

(b) Ten per cent of the cost of the ancillary projects in the amount of $170,289; 5 per cent will be released by the end of 2016 and the remaining 5 per cent after the defects and liability period;

(c) Five per cent of the total new office facilities invoices in the amount of $468,370, as explained in paragraphs 10 and 11 above.

III. Update on the Africa Hall renovation project

A. Background

24. By its resolution 70/248 A (section IX), the General Assembly approved the project scope, schedule and maximum overall cost in the amount of $56.9 million for stages 3 to 5 of the Africa Hall renovation project, the establishment of a

multi-year construction-in-progress account and the appropriation of an amount of $13,438,600 under the proposed programme budget for the biennium 2016-2017.

B. Project objectives

25. The main objectives of the project are to address the inadequacies related to building safety and functionality and to transform Africa Hall into a rejuvenated facility that complies with the highest international standards for conference facilities. As part of the efforts to preserve and restore the historical and cultural values embedded in its architecture, another objective of the project is to include a Visitors Centre in order to make Africa Hall one of the leading tourist destinations in Addis Ababa and to highlight its significant role in modern African history.

C. Project scope

26. The scope of the project addresses structural inadequacies, the occupants' health and safety issues and shortcomings in terms of access for persons with disabilities. Upgrades to the building will be undertaken in a manner that respects the original design and appearance while ensuring compliance with best practices related to current international building standards and codes. The establishment of a Visitors Centre to exhibit the rich history of the African continent, of ECA in Addis Ababa and of the African Union is also envisaged.

27. The scope of the renovation project includes all elements of the Africa Hall Building, covering approximately 8,300 square metres of floor area and its immediate external landscape. The priorities envisaged for the proposed renovation remain as follows:

(a) Structural upgrading, essential life and health safety issues and building work;

(b) Plenary Hall and associated work;

(c) External work and landscaping;

(d) Heritage conservation;

(e) Visitors Centre, including a screening building, a new entrance and reserved parking.

D. Business case for the Visitors Centre

28. The purpose of the establishment of the Visitors Centre is to provide the general public with an opportunity to visit the iconic and historically significant Africa Hall, so that its importance in the history of modern Africa may be well established, and to recognize the important role played by African leaders and the United Nations in that regard. The construction of such a centre was envisioned at the ceremony marking the fiftieth anniversary of the founding of ECA on 24 October 2008. In the same way that the United Nations Office at Geneva is the custodian of the documents, history and art associated with the League of Nations, ECA is the guardian of Africa Hall, which was the original meeting place of the

Organization of African Unity, the pan-African organization now known as the African Union. The Visitors Centre would focus on Africa Hall as a desirable destination for those wishing to learn about African history and the genesis of what is today the African Union. In addition, the Visitors Centre is intended to support the ECA programmatic objective of improving outreach and communications with its constituents and strengthening partnership and collaboration with Member States as part of its overall mandate and communications strategy.

29. The main components of the Visitors Centre include:

(a) **A permanent lecture gallery**: The gallery is to be used for screening and displaying films, photography and other relevant presentations, including materials on selected themes derived from the ECA programme plan as part of its communications and outreach activities;

(b) **Exhibition**: A permanent exhibition space and mini-cinema would: present multi-screen presentations to elucidate Africa Hall's place in African history; show other informational videos and presentations relevant to Africa's development in order to promote the work of the United Nations and ECA; and include large-scale graphic panels and display cases with integrated lighting and caption cards;

(c) **Art**: Among the historical pieces of art owned by the Commission is the prominent, stained glass mural executed by Ethiopia's most celebrated artist, the late Afewerk Tekle, who was commissioned by ECA, in 1958, to decorate Africa Hall. Additional works of art from the 1960s grace the exterior and interior walls of Africa Hall and the adjacent area on the first floor of the Niger Building.

30. In this regard, guided tours would be conducted for the public, school groups, embassy officials, visiting students and participants attending major events and conferences in Addis Ababa through a pre-arranged reservation system. Visitors would also have access to the ECA gift shop and book store at the conclusion of public tours.

31. Marketing would be a major aspect in the initial growth, visibility and development of the Visitors Centre. The Centre would benefit from current media relations in place, as well as from social media and the newly revamped ECA website. Other tools such as telemarketing and targeted e-mails, magazines, pamphlets and other multimedia issuances will also be employed to promote interest in the Centre. These tools will aim to promote Africa Hall in a variety of ways: as a tourist destination; as a learning hub; as an iconic point of reference in Africa's history; and as a place to host culturally important events that promote the values of the United Nations. There will be activities to attract schools and the media. Promotions would also be announced during conferences at ECA, the African Union, schools and events at Ethiopia's numerous cultural centres and festivals, including through the distribution of pamphlets, posters, flyers, banners, brochures and audiovisual materials.

32. Promotional partners would include the Ethiopian Tourism Organization, Ethiopia-based national and international media, the Ministry of Education, Ethiopian Airlines, cultural centres, embassies and regional and international organizations based in Addis Ababa, including the African Union.

33. It is estimated that, with effective promotion and planning, as many as 10,400 people could visit Africa Hall annually. This number could rise significantly during major conferences at the United Nations Conference Centre both at ECA and in Addis Ababa. With adequate information about the Visitors Centre, it is anticipated that as many Ethiopians as foreign visitors would visit Africa Hall. Groups of people that are expected to visit and/or use the Africa Hall for events include students and teachers, visiting scholars, authors, conference participants, filmmakers, members of the press and other media, representatives of non-governmental organizations, United Nations staff members, their families and friends, representatives of Member States and members of the broader diplomatic community in Addis Ababa.

34. The estimate of 10,400 annual visitors to the Visitors Centre is based on discussions with the Ethiopian Tourism Organization, the Government agency directly responsible for tourism in the country. As a new addition to other sites of interest in Ethiopia, Africa Hall could attract some 6,000 visitors per year through the use of initial aggressive marketing. The expectation is that the number would gradually rise as more people become aware of the Centre's existence. Added to this figure would be an additional 4,400 visitors from among the participants attending meetings in Addis Ababa, university students on study tours to the ECA and others touring the country. The estimated figures translate to an average of 200 visitors per week, although the number of visitors is expected to increase steadily over time, possibly to as many as 200 visitors per day, as the full benefit of the extensive publicity and advertising campaign employed by the Visitors Centre is realized and as Africa Hall becomes known as a noteworthy destination.

Table 1
Proposed admission fees for the Africa Hall Visitors Centre

(In United States dollars)

	Admission fees				
No. of annual visitors	*International private primary/high schools and universities*	*Senior citizens/ public school students/disabled*	*International tourists and international students*	*International tourists/adults*	*Gross revenue (annual)*
10 400	3	3	10	10	82 560

35. The proposed rates shown in table 1 were informed by the establishment of the Nairobi Centre, which provided valuable lessons on operations in a developing country context and whose ticket prices are currently below the average prices for tours. At comparable tourist attractions in Ethiopia, prices vary from $1 for residents to $36 and up to $172 for package tours for international tourists. Recent reports show that as a result of investment in the sector, tourism revenues in Ethiopia have surpassed that of Kenya and the United Republic of Tanzania. Thus, based on comparative analysis of the Kenyan tourism market, and at an exchange rate of $1 to 20 birr, the Visitors Centre would charge a nominal minimum rate of $2 to $15 based on the category of visitor. Children below the age of 6 would not be charged. These are considered reasonable prices given the cost of living in Ethiopia, the purchasing power of the local population and the potential and current growth of the tourism sector. Considering that an estimated 10,320 visitors are expected to

visit Africa Hall annually, it is anticipated that the Visitors Centre would generate some $82,560 per year.

36. Regarding the "speakers' sessions", which will be part of the activities at the Visitors Centre, costs associated with such briefings might include the use of audio-video equipment, depending on the size and requirements of the group. It is expected that there would be an administrative fee of 1,000 birr ($50) for such programmes, payable prior to or on the day of a session. Prices for photo, art and other cultural exhibitions would be 400 birr ($20) per day. The ECA administration is of the view that charges should not be too prohibitive for the speakers, artists and visitors interested in showcasing their work so as not to deter interest.

37. Consistent with Visitors Centres at other major United Nations offices, including New York, Geneva, Vienna and Nairobi, the Africa Hall Visitors Centre would be managed by the Communications Section of the Public Information and Knowledge Management Division of ECA. It is envisaged that, in the beginning, one public information assistant (Local level) and one tour guide (hired as individual contractor) would be sufficient to run the guided tours during the first biennium. The proposed staffing is envisaged in light of the activities related to the coordination of visits, which would be structured to incorporate lectures, briefings, art exhibits and historical exhibits and the thematic work of the United Nations. The staff would also coordinate activities with other institutions in Addis Ababa that support culturally oriented activities in line with United Nations themes and priorities. In this regard, the estimated number of visitors during peak periods could amount to 200 per week on average, in view of the mix of coordinated visits and briefings.

38. Table 2 below shows the start-up and initiation costs ($50,000) and a breakdown of the projected annual operating expenses ($60,200) of the Visitors Centre.

Table 2
Startup and operation costs
(In United States dollars)

Requirements	*Amounts*
A. Start-up and initiation costs (one-time costs)	50 000
B. Annual operating expenses:	
Public information assistant (Local level)	27 700
Salaries for one tour guide (individual contractor)	5 000
Advertising and promotion	15 000
Miscellaneous services	5 000
Office automation equipment	2 000
Other expendable office supplies	5 000
Uniforms	500
Subtotal (annual operating expenses)	60 200
Total	**110 200**

39. It is anticipated that the combination of the tours, whether during low or high season, art exhibitions and the speakers programme, would draw in enough visitors and generate revenue to offset the costs of the Visitors Centre over many years. The

key to the success of the project is the active promotion of Africa Hall as an iconic place to visit in Addis Ababa. For this to happen, ECA would have to work very closely with governmental institutions, such as the Ethiopian Tourism Organization, the Ministry of Education, schools and other organizations based in Addis Ababa, the African Union and non-governmental organizations as well as universities both in Ethiopia and in the region. ECA would also have to include a visit to Africa Hall in all its conference packages and promotional materials so that participants may expect it each time. Partnerships with key organizations, such as Ethiopian Airlines, hotels and the media, would also be important for generating sustained visibility.

E. Project progress

40. It should be noted, however, that, based on the current state of planning with regard to the business case for Africa Hall, it is not possible to definitively determine whether the operational costs would be entirely offset by income generating activities.

41. As explained in the previous report of the Secretary-General, the Africa Hall renovation project is planned to comprise five stages, of which stage 1 (preparation) and stage 2 (design) have been completed. Stage 3 (pre-construction) is currently under way, with ongoing preparation of tender documentation by the lead consultant. This will be followed by stage 4 (construction) and the project will be concluded at stage 5 (project close-out).

42. The detailed results of stage 2 were summarized by the lead consultant in a report that formed the basis of the project proposal approved by the General Assembly in its resolution 70/248 A.

43. In December 2015, the Headquarters Committee on Contracts recommended approval for the re-engagement of the lead consultant (who developed stages 1 and 2) to carry out the professional services needed for stages 3, 4 and 5. Following the approval of the Assistant Secretary-General, Office of Central Support Services, ECA, in coordination with the Procurement Division and the Office of Legal Affairs, negotiated the contractual details. The implementation of stage 3 (pre-construction services, which entail completion of the design developed in stage 2 as needed for the technical documentation) started on 16 May 2016.

44. Additional studies within the scope of the project that are being finalized are related to: hazardous material mitigation; adapting the entry gate to security requirements; planning the temporary and permanent swing space moves of all affected entities at the west end of the campus; and the detailed designing of the exhibition area. To date, the design remains consistent with the previous stages, and no changes in scope are proposed.

45. In order to include local knowledge and capacity in the project, as encouraged by the General Assembly in its resolution 70/248 A, the lead consultant engaged local professionals to assist the international experts responsible for various disciplines.

46. In addition, in line with General Assembly resolution 70/248 A, on 3 March 2016 the Office of Central Support Services conducted an informal briefing of Member States in the context of the first resumed session of the Assembly. The briefing touched on all ongoing capital projects being undertaken by the Organization, including the renovation of the Africa Hall.

47. In the framework of the project-specific manual, the Project Manager, in coordination with the ECA Procurement Unit and the Overseas Property Management Unit of the Office of Central Support Services, outlined the contracting strategy for awarding and implementing work on the project, which proposes a split in its implementation between the early work (decanting), the main contract and the work on art conservation and the permanent exhibition.

48. In August 2016, a formal expression of interest was issued regarding construction services: the final selection of eligible bidders is forecast by the end of 2016. As shown in the figure (under para. 70 below), tender documentation is scheduled for completion by the end of the first quarter of 2017, while tender action for the various stages of work is to be implemented in a sequenced order starting January 2017.

F. Solicitation of voluntary contributions

49. ECA has reached out to all Member States to solicit voluntary contributions that may provide them with an added sense of ownership with regard to the project, in particular the renovation of Africa Hall, which is a historical landmark. Similarly, discussions have been initiated with the host country regarding possible voluntary contributions both in cash and in kind (for example, the additional land needed for the visitors parking lot).

50. The Secretary-General is pleased to report that two Member States, Mali and Switzerland, have confirmed their concrete interest in providing voluntary contributions. Mali contributed $52,192 in July 2016 and discussions with Switzerland are currently under way to define the modalities of its contribution. China has also expressed interest in making a contribution to the project. While it cannot yet be ascertained whether these contributions will fall within the original scope of the project, in which case a corresponding reduction of Member States assessment would be reflected, any progress in this regard will be reported in subsequent progress reports of the Secretary-General.

G. Project governance

51. ECA, with the assistance of the Office of Central Support Services at Headquarters, has further refined the project governance structure, thus ensuring that an effective managerial framework for the project execution is in place, including independent risk management services.

52. The proposed project governance structure, which includes the following salient features, is shown in annex II to the present report:

(a) A Stakeholders Committee to assist the Executive Secretary of ECA in his role as the project owner responsible for high-level decision-making and proactively managing the project, as well as providing user input and assurance in the design and delivery of project products;

(b) An Advisory Board to support the Executive Secretary and the Stakeholders' Committee in ensuring a timely delivery of the expected organizational and project-specific objectives, as well as eliciting and managing the

expectations of external stakeholders (for example, the United Nations Educational, Scientific and Cultural Organization, the African Union and others);

(c) Project oversight ensuring central supervision, coordination and support between the Office of Central Support Services at Headquarters and ECA on site, including independent risk management services;

(d) Establishment of the dedicated project management team and the project support team, with clearly defined roles, responsibilities and reporting lines which will ensure delivery of the project by monitoring activity and completion of the work on a daily basis, in line with a project-specific manual that is based on the Organization's guidelines for the management of construction projects issued by the Office of Central Support Services.

Stakeholders Committee and Advisory Board

53. The Stakeholders Committee, which is led by the Executive Secretary or his designee, provides advice and guidance on the management of the overall project. The Committee draws its members from the Organization, inclusive of ECA offices, such as the Conference Management Section, the Strategic Planning and Operational Quality Division, the Public Information and Knowledge Management Division, the Security and Safety Section and the Facility Management Section, and includes a representative from the Office of Central Support Services in New York.

54. The terms of references for the Stakeholders Committee have been finalized and its first meeting is scheduled during the third quarter of 2016.

55. The draft terms of references for the Advisory Board have been defined and the establishment of its membership is in progress. The Board will provide non-binding strategic advice to the Executive Secretary in his role as project owner, including independent and impartial knowledge, understanding and strategic thinking for the project, and will effectively coordinate and respond to interest expressed by Member States. In line with General Assembly resolution 70/248 A and in line with best practices and lessons learned from previous capital projects, the Executive Secretary contacted Member States to solicit their interest in the constitution of the Board.

56. In addition, the Executive Secretary of ECA, together with the Assistant Secretary-General for Central Support Services, met with the President of Ethiopia on 31 May 2016 to express gratitude for the host countries' efforts and involvement in the project, and to discuss ways to support project implementation.

Dedicated project management team and project support

57. The composition of the dedicated project management team and the project support team, which was approved by the General Assembly in its resolution 70/248 A, comprises the following nine positions: a Project Manager (P-5); a Project Architect/Engineer (P-4); a Procurement Officer (P-3); a Supervisor-Architectural/Civil/Structural Engineer (National Officer); a Supervisor-Electrical/Mechanical/Security/Telecom Engineer (National Officer); a Clerk of Works (National Officer); an Administrative Assistant (Local level); a Finance Assistant (Local level); and a Logistics Assistant (Local level).

58. The Project Manager and the Administrative Assistant were appointed in March 2016; recruitment has been completed for the positions of Procurement Officer (P-3), Supervisor-Architectural/Civil/Structural Engineer (National Officer), Clerk of Works (National Officer) and Logistics Assistant (Local level). Recruitment for the remaining members of the team is ongoing.

59. OIOS, in its report on the audit of the management of construction activities and related processes at ECA, recommended that the Commission, in conjunction with the Office of Central Support Services, clarify the staff management plan in order to cope with potential skills gaps at ECA, as well as functions not catered for, in particular in the areas of specialist engineering expertise, communications and legal support. Therefore, within the approved maximum overall cost of the project, additional resources for specialist consultancy services are proposed to address these gaps. These refer to on-call/ad hoc experts to ensure that engineering disciplines as well as other professional gaps are covered. The resources are reflected in the updated project cost plan in annex III to the present report.

60. Additionally, in order to provide the increased level of oversight responsibility assigned to the Office of Central Support Services by the General Assembly in its resolution 70/248 A, it is proposed that a position of Project Coordinator (P-4) be established from 1 January 2017 until the completion of the project, to be cost-shared with the proposed seismic mitigation retrofit and life-cycle replacements project at the Economic and Social Commission for Asia and the Pacific (ESCAP) premises in Bangkok (see A/71/333). This position would be based in the Office of Central Support Services at Headquarters. The incumbent of this position would provide day-to-day oversight, guidance and technical support to the Africa Hall project manager, under the guidance of the Chief, Overseas Properties Management Unit. Emphasis would be placed on contract management of the independent risk management firm, which would report directly to the Management Unit in order to ensure its independent and external role, complementing the work of the dedicated project management team and facilitating the team's risk identification and assessment activities, including the development of mitigation strategies. The other 50 per cent of the position will be funded from the ESCAP seismic project, which the incumbent will also support, as explained in the report of the Secretary-General on that project (see A/71/333, annex III, para. (k)).

61. The Secretary-General recalls paragraph 57 of his previous progress report (A/70/363 and Corr.1), which addressed the need to establish six new positions, within the support team, for Security Officers. The General Assembly, in its resolution 70/248 A, endorsed the recommendation of the Advisory Committee on Administrative and Budgetary Questions (A/70/7/Add.21, para. 44) that a further revision and resubmission of the proposal be made in the next progress report. Construction work, scheduled to commence in late 2017, will require a separation of the construction area from the main campus, which will have to be secured and protected, including controlled access for a large number of workers on a daily basis. The requested positions for Security Officers would be needed in order to provide security, protection and controlled access to the construction site. In view of the need for these additional services, ECA reiterates its proposal to add six Security Officers to its actual workforce within the approved maximum overall cost of the project.

62. Resource requirements in the biennium 2016-2017 for the above-mentioned specialist consultancy services (para. 58 above), Project Coordinator (para. 59

above) and Security Officer positions (para. 60 above) are further elaborated in paragraph 74 below.

Independent risk-management firm

63. In order to strengthen the assurance functions for the project, it is proposed that a robust risk management framework be implemented in line with industry best practices and lessons learned from previous capital projects. In addition to the "integrated" risk management activities carried out by the project team together with the lead consultant, a professional risk-management firm would provide independent risk management services under the supervision of the Office of Central Support Services, similar to other capital projects undertaken by the United Nations. The risk management framework would protect both the organizational as well as project-specific objectives and would include the management of opportunities and threats through a risk register and provide the basis for a risk-based approach in establishing and managing the contingency provisions.

64. The professional risk management firm would be responsible for developing the overall risk management strategy for the project and its implementation in accordance with the risk and reporting standards and the governance framework of the project. To that end, the professional risk-management firm would, on a regular basis, provide an independent assessment of the intended project actions and facilitate risk management and assurance expertise for the project. The firm would take the lead in identifying and assessing risks and in developing management response strategies for both opportunities and threats, and would ensure that risks are monitored by nominated individuals on a regular basis and risk responses are implemented as planned.

65. The risk management firm would report directly to the Office of Central Support Services to ensure its independent and external role, complementing the work of the dedicated project management team and facilitating the team's risk identification and assessment activities, including development of mitigation strategies. The firm would also ensure that risk management and quality assurance services are implemented and would provide high-level advice and opinions to the Executive Secretary of ECA to support informed decision-making in his role as project owner.

66. Recruitment of the firm is scheduled to be carried out by the Office of Central Support Services in late 2016, with an expected completion in early 2017. Resource requirements in 2016-2017 for the risk management firm are elaborated in paragraph 74 below.

H. Coordination with the host country

67. In line with best practices and lessons learned from past capital projects, ECA is in close coordination with the host country. Negotiations have begun positively with the Ethiopian Ministry of Foreign Affairs on refining and enhancing the existing agreement for the implementation of construction projects, with particular focus on the procedures for expediting the importation of project-related goods, the registration requirements for private companies and the need for additional land to provide for parking at the west gate of the Visitors' Centre.

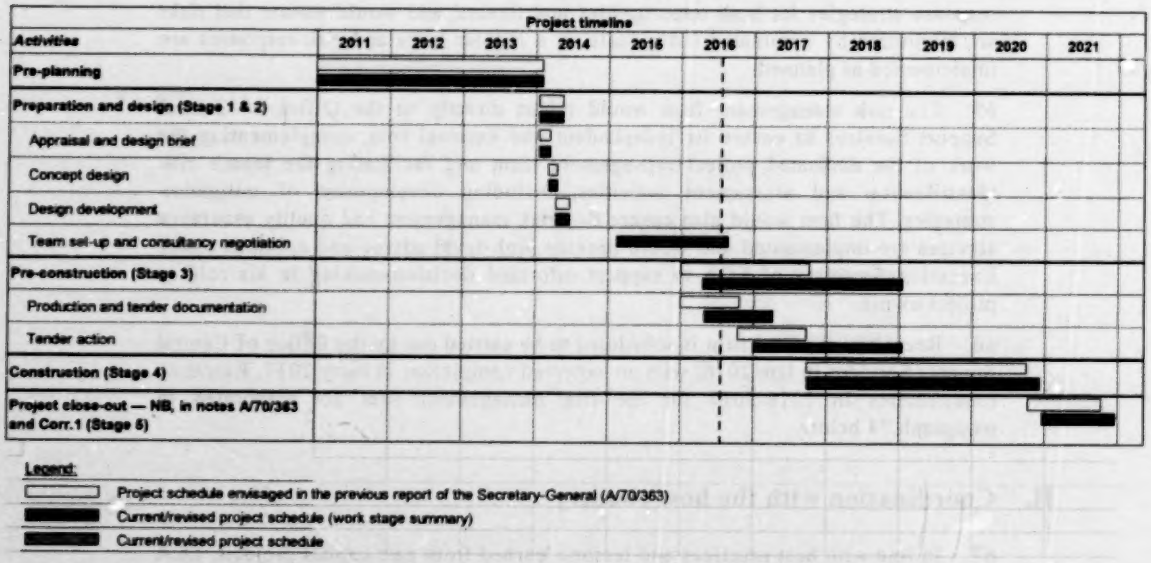
68. Negotiations with the host country, which included a high-level meeting with the President of Ethiopia, as noted in paragraph 55 above, led to expressions of solid support. ECA has also invited the host country to become a member of the project's Advisory Board.

I. Project schedule

69. Contract negotiations for the professional services required for stages 3 to 5 of the project took longer than anticipated. In order to make up for lost time, it is now planned to split the construction phase into two parts: one for early work, entailing relocation of existing commercial tenants and demolition work; and the other for main construction work. These measures would allow for an overlapping of stages 3 and 4 and would shorten the procurement process for this early work, enabling construction (stage 4) to start as planned in late 2017 with no effects on the scheduled project completion in 2021.

70. The figure below shows the project schedule. The scheduled project execution period remains mostly unchanged as compared to the previous report of the Secretary-General (A/70/363 and Corr.1).

Figure
Project schedule for the renovation of the Africa Hall Building: as at July 2016



J. Contingency provision

71. The maximum overall cost of $56.9 million for the project was approved by the General Assembly in its resolution 70/248 A.

72. The approved costs include contingency provisions of 20 per cent of the estimated construction cost, inclusive of consultancy fees and allowances for price escalations. ECA, with support of the lead consultant, has started refining the estimate by breaking it down and linking it to a risk assessment. The preliminary risk assessment includes a consideration of conditions in the construction market, the inflationary trend, the complexity of the work and any logistical constraints, for example, requirements for imported materials. A complete quantitative analysis linking the actual contingency funding requirements with assessed risks will be performed once the independent risk management firm is brought on board in early 2017.

K. Next steps

73. The actions to be undertaken during the next reporting period are:

(a) Completion of the appointment of the dedicated project management and project support team;

(b) Selection and contracting of the independent risk management firm, allowing for the definition of a detailed risk strategy and the commencement of a quantitative analysis of risks, linked to the required amount of contingency provisions;

(c) Finalization of the governance structure, including establishment of the Advisory Board;

(d) Completion of the activities foreseen for stage 3, including tender action and award for the construction work;

(e) Start of early construction work related to the temporary rehousing of the present functions located in Africa Hall Building.

L. Status and projection of project expenditures for the biennium 2016-2017

74. Table 3 below provides the status and projection of expenditures in 2016 and 2017.

Table 3

Status and projection of expenditures for the biennium 2016-2017

(Thousands of United States dollars)

	Actual expenditures as at 31 July 2016	*Projected expenditures from 1 August to 31 December 2016*	*Total projected expenditures in 2016*	*Projected expenditures in 2017*
Section 33, Construction, alteration, improvement and major maintenance				
Construction-related costs				
Construction costs	–	–	–	350.0
Escalation costs	–	–	–	29.2
Consultant fees	983.2	472.4	1 455.6	2 273.4
Contingencies	–	291.1	291.1	512.5
Subtotal, Section 33	**983.2**	**763.5**	**1 746.7**	**3 165.2**

	Actual expenditures as at 31 July 2016	*Projected expenditures from 1 August to 31 December 2016*	*Total projected expenditures in 2016*	*Projected expenditures in 2017*
Section 18, Economic and social development for Africa				
Project supervision and management				
Project management team	109.6	290.4	400.0	868.2
Travel	4.9	13.1	18.0	15.0
Subtotal, Section 18	**114.5**	**303.5**	**418.0**	**883.2**
Total estimated costs 2016-2017	**1 097.7**	**1 067.0**	**2 164.7**	**4 048.4**

75. Table 4 below compares the cost plan for the biennium 2016-2017 as approved by the General Assembly in its resolution 70/248 A, against the revised cost plan shown in annex III to the present report. The main variances between the projected expenditures for the biennium 2016-2017 and the approved appropriation are explained below:

(a) A reduction of $5,109,700 in estimated construction trade costs is due to a shift of the schedule of work into the years 2018-2021 owing to the fact that contract negotiations with the lead consultant took longer than planned, affecting certain project activities under stage 3;

(b) A reduction of $713,000 in estimated escalation (pre-construction) costs reflects a better understanding of costs since the pre-construction phase is almost over and the risk of significant cost escalations is much lower;

(c) A reduction of $313,500 in the costs for design and supervision services is a result of negotiations with the lead consultant that led to a reduced contract amount;

(d) The estimated costs of $90,000 relates to the provision of independent risk management services, as explained in paragraphs 63 to 66 above, which were not considered in the initial project costs in the previous report (A/70/363 and Corr.1);

(e) A reduction of $1,227,200 in estimated contingencies is a result of reduced construction trade costs in 2017, as explained in subparagraph (a) above;

(f) A reduction of $9,100 in estimated costs for the project management team is the net result of: (i) a reduction of $71,600 due to the delayed recruitment process; and (ii) an increase of $62,500 to provide for 50 per cent of the cost of a Project Coordinator (P-4) at Headquarters, as explained in paragraph 60 above;

(g) The estimated costs of $60,000 are needed for specialist consultancy services available on demand as recommended by OIOS, as explained in paragraph 59 above;

(h) The costs of $37,600 relate to six Security Officer (Local level) positions effective October 2017, as described in paragraph 61 above.

Table 4
Revision to the cost plan for the proposed renovation of the Africa Hall Building for biennium 2016-2017
(Thousands of United States dollars)

	Approved for 2016-2017[a]	*Revised cost plan for 2016-2017*	*Variance*
Section 33, Construction, alteration, improvement and major maintenance			
Construction costs			
Construction trade costs	5 459.7	350.0	(5 109.7)
Escalation	742.2	29.2	(713.0)
Design and supervision	3 952.5	3 639.0	(313.5)
Risk management	–	90.0	90.0
Contingencies	2 030.9	803.6	(1 227.2)
Subtotal, section 33	**12 185.3**	**4 911.9**	**(7 273.4)**
Section 18, Economic and social development for Africa			
Project supervision and management			
Project management team	1 217.3	1 208.2	(9.1)
Consultancies/expertise	–	60.0	60.0
Travel	36.0	33.0	(3.0)
Subtotal, section 18	**1 253.3**	**1 301.2**	**47.9**
Section 34, Safety and security			
Physical security	–	37.6	37.6
Total	**13 438.6**	**6 250.7**	**(7 187.9)**

[a] In line with the cost plan set out in annex V of document A/70/363 and Corr.1 and approved by the General Assembly in its resolution 70/248 A.

76. The revised estimated resource requirements for each year are presented in annex III to the present report.

IV. Update on the renovation and occupancy of the United Nations Conference Centre at Addis Ababa

77. A significant reversal of the underutilization trend of the United Nations Conference Centre at Addis Ababa has been noticeable since 2014. The response of ECA related to the utilization rate of the Conference Centre has been robust, against the background of concerns regarding the decline in the Centre's utilization rate from 76 per cent in 2009 to 62 per cent in 2012, and 67 per cent in 2013. The Conference Centre has achieved a capacity utilization increase of 5 per cent since 2014: from 85 per cent in 2014-2015 to 90 per cent during the first six months of 2016. Considering the large number of conferences scheduled in 2016 (over 200 events until the end of December), there is an expectation of increased utilization levels.

78. In response to General Assembly resolution 70/9 (paras. 25 and 26), a closer partnership with the African Union Commission and United Nations agencies based in Addis Ababa, as well as proactive marketing initiatives targeting local and international organizations, have resulted in a significant gain in the utilization of the United Nations Conference Centre at Addis Ababa. The renovation work on the Conference Centre is in progress and the ECA plans to complete that work in 2017.

79. With regard to the renovation of the roof of the United Nations Conference Centre, at the end of 2015, after the finalization of the design and consulting work, a qualified contractor was awarded the contract for the completion of the final phase of the project (a remaining area of 7,562 m^2). According to the schedule submitted by the contractor, which takes into consideration the planning of major conferences and optimal annual weather conditions, renovation work will start on 1 October 2016 and substantial completion will be achieved by 31 December 2016.

80. Proper attention has been paid to bringing the interior of the conference facilities to the highest international standards. The remaining work includes: recarpeting of the conference rooms and the installation of electrical, mechanical and audiovisual upgrades to comply with current industry standards in Conference Rooms 1 and 2. Mindful of the comments of the Advisory Committee on Administrative and Budgetary Questions (see A/70/7/Add.21, para. 63), entrusting ECA to ensure that the facilities at the Conference Centre comply with accessibility requirements for persons with disabilities, the remaining work also features the creation of access for persons with disabilities, which will require a complete rebuilding of both podiums. The design of podiums to address disability needs is scheduled to be completed by December 2016, followed by actual installation work in 2017. Carpets are being purchased and their installation coordinated and integrated with the electrical, audiovisual, information technology and architectural features. The installation work is scheduled to be finalized in the first quarter of 2017.

81. To leverage the existing significant investment in hardware of the Conference Centre, attention has been paid to the continuous maintenance and improvement of facilities, including the drawing up of a comprehensive and integrated multimedia solution in the biennium 2014-2015. In this regard it should be noted that the Government of Ethiopia made an important contribution to the upgrading efforts by providing a high quality Bosch mobile audio and video system, including infrared simultaneous interpretation equipment, high definition pan-tilt-zoom cameras, digital audio and video recorders and wireless microphones. The system complemented existing facilities and was used for the first time during the Third International Conference on Financing for Development, held in July 2015.

82. Additional digital technology upgrades are being installed during 2016. In May 2016, additional improvement projects have been undertaken, as a reflection of the same concern to enhance the standard of services at the Conference Centre. All six conference rooms have been equipped with a new video system that helps interpreters to follow speakers in real time and to deliver a more faithful and nuanced interpretation of conference proceedings. The system also provides the audience with a better view of the presentations and video aids. In addition, in Conference Rooms 1 and 2, new LCD monitors have been installed at podiums to assist speakers in following the reading of their presentations. In parallel, a new high definition audio-video system has been installed in all conference rooms,

allowing for high quality recording and live broadcasting of the conference proceedings.

V. Recommended actions to be taken by the General Assembly

83. **The General Assembly is requested to:**

(a) Take note of the progress made since the issuance of the previous progress report of the Secretary-General;

(b) Take note of the governance structure of the project for the renovation of the Africa Hall;

(c) Take note of the revised cost plan for the Africa Hall project;

(d) Approve the business case for the Visitors Centre and invite the Secretary-General to include funding requirements of the Visitors Centre under Income Section 3, Services to the public, in the proposed programme budget for the biennium 2020-2021;

(e) Approve the establishment of six Security Officer (Local level) positions, effective October 2017, under section 34, Safety and security, of the programme budget for the biennium 2016-2017;

(f) Take note of the proposed establishment of the Project Coordinator (P-4), for which approval has been sought in the context of the seismic mitigation retrofit and life-cycle replacement project at ESCAP, and the joint funding of that position within the approved maximum overall project costs of the Africa Hall renovation project and the cost of the proposed ESCAP seismic project.

Annex I

Project cost for the construction of new office facilities at the Economic Commission for Africa

(Thousands of United States dollars)

	Expenditure as at 31 December 2014	*Expenditure during 2015*	*Expenditure January 2016 to August 2016*	*Total for 2015-2016*	*Expenditure as at August 2016*
	(a)	*(b)*	*(c)*	*(d) = (b) + (c)*	*(e) = (a) + (d)*
Approved in resolutions 56/270 and 60/248					
Construction costs[a]	8 427.9	–	1 016.3	1 016.3	9 445.4
Design, consultancy services and project coordination	1 652.9	19.6	20.3	39.9	1 692.8
Site work[b]	1 165.9	187.9	431.7	619.6	1 785.5
Workstations and furniture	331.3	24.0	–	24.0	355.5
Contingencies[c]					
Approved in resolution 63/263 (programme budget for the biennium 2008-2009)					
Installation of information technology and telephone equipment	614.3		–		614.3
Approved in resolution 62/238					
Safety and security[d]	759.8	–	–	–	759.8
Internal access roads[e]	233.7	8.5		8.5	242.2
Parking and landscaping[e]	–	–	–	–	–
Generators and generator house[e]	406.7	14.8	16.2	30.9	437.7
Total	**13 592.9**	**254.8**	**1 484.4**[f]	**1 739.2**	**15 333.2**

[a] Construction costs include: the main contract value of $7,451,700, as signed on 1 April 2010; amendment 1 for additional resources totalling $1,000,100 from the budgets of the United Nations Office to the African Union and African Union-United Nations Hybrid Operation in Darfur for the top floor; amendments 2-15, totalling $1,437,600, less savings from value engineering of $522,100. These also include amendment 12, which generated savings of $93,000 as a result of the centralization of the uninterrupted power supply system.

[b] Ancillary projects phase II.

[c] Budgeted contingency of $925,200 has been fully expended.

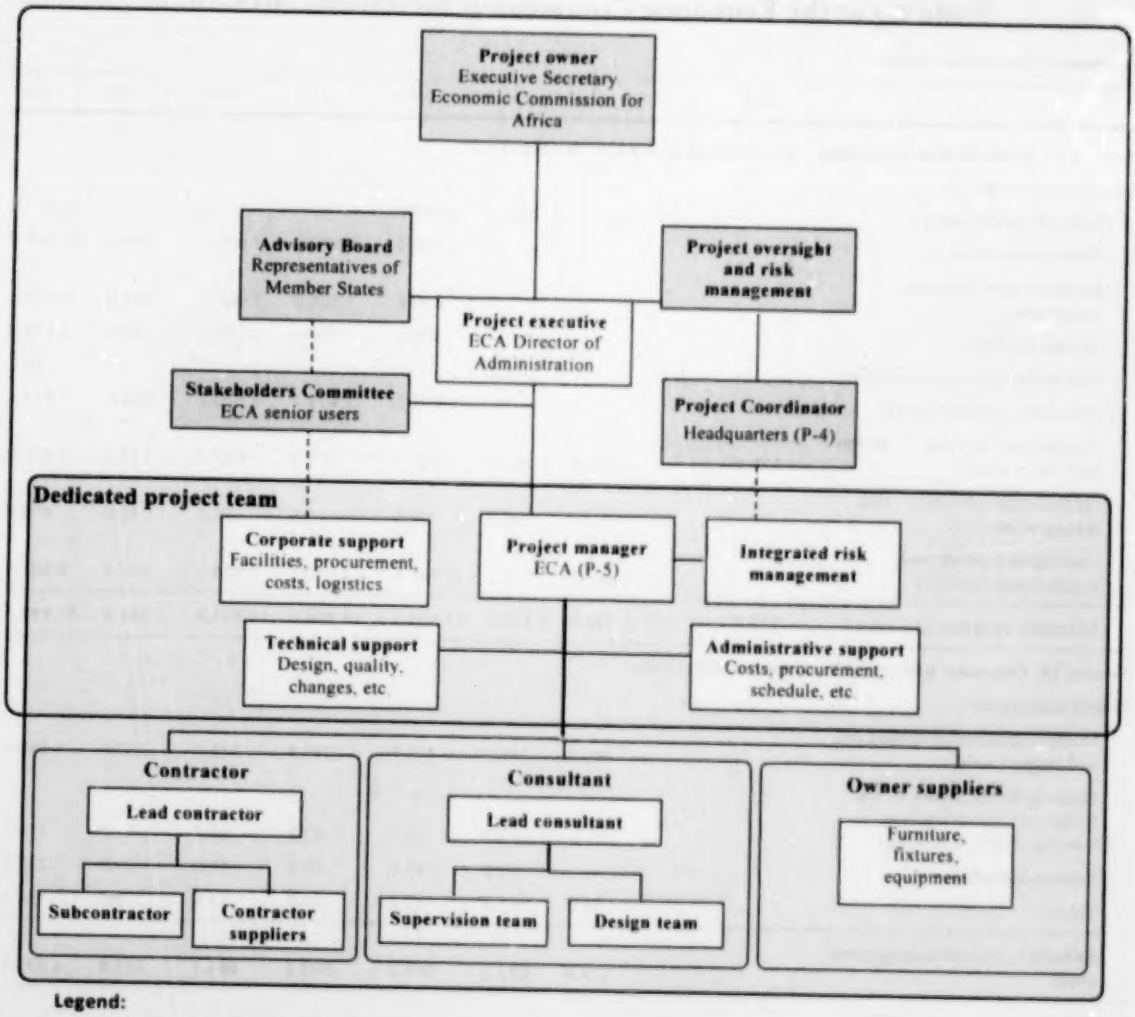
[d] Resources in the amount of $759,800 for security requirements were approved under section 33, Safety and security, in resolution 62/238 as part of the programme budget for the biennium 2008-2009.

[e] Ancillary projects phase I.

[f] The final release of retention in the amount of $468,370 for the project will be addressed as described in paragraph 10 of the present report.

Annex II

Project governance structure



Annex III

Project cost plan for the renovation of the Africa Hall Building at the Economic Commission for Africa: 2015-2021

(Thousands of United States dollars)

	2015[a]	*2015[b]*	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*	*Total[c]*
Section 33, Construction, alteration, improvement and major maintenance									
Construction costs									
Early/decanting work	–	–	–	350.0	1 500.0	–	–	–	1 850.0
Main construction	–	–	–	–	6 900.0	8 000.0	7 000.0	900.0	22 800.0
Furniture and high-tech equipment	–	–	–	–	600.0	1 500.0	1 900.0	250.0	4 250.0
Art and exhibits	–	–	–	–	500.0	500.0	1 190.0	146.0	2 336.0
Escalation (pre-construction)	–	–	–	29.2					29.2
Escalation (construction)	–	–	–		1 051.2	1 979.4	2 420.3	426.3	5 877.2
Professional services — design and supervision	727.8	–	1 455.6	2 183.4	656.6	773.9	609.7	170.4	5 849.6
Professional services — risk management	–	–	–	90.0	90.0	90.0	90.0	40.0	400.0
Contingency (work and professional services)	–	–	291.1	512.5	2 241.6	2 550.7	2 624.0	378.5	8 598.4
Subtotal, construction costs	**727.8**	**–**	**1 746.7**	**3 165.2**	**13 539.3**	**15 394.0**	**15 834.0**	**2 311.2**	**51 990.4**
Section 18, Economic and social development for Africa									
Project management									
Dedicated project management and support team	–	–	400.0	745.7	745.7	745.7	745.7	267.8	3 650.6
Dedicated coordinator at the Office of Central Support Services (50% of costing)	–	–	–	62.5	62.5	62.5	62.5	62.5	312.5
Consultancies/expertise	–	–	–	60.0	60.0	60.0	58.5	20.0	258.5
Travel	–	–	18.0	15.0	15.0	15.0	15.0	5.5	83.5
Subtotal, project management costs	**–**	**–**	**418.0**	**883.2**	**883.2**	**883.2**	**881.7**	**355.8**	**4 305.1**
Section 34, Safety and security									
Physical security requirements	–	–	–	37.6	150.2	150.2	150.2	112.6	600.8
Total	**727.8**	**–**	**2 164.7**	**4 086.0**	**14 572.7**	**16 427.4**	**16 865.9**	**2 779.6**	**56 896.3**

[a] As per financial statements.
[b] Based on the current review of obligation status.
[c] Total is the sum of columns 2015[b] up to 2021.